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Australia

Grain and Feed

Partial Deregulation of Barley Exports in WA 2003

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Report Highlights:

The Government of Western Australia has authorized significant exports of bulk feed barley outside the traditional monopoly export system. Over the last two months, Western Australia's Grain Licensing Authority has issued permits for the export of about 373,000 MT of feed barley.

Includes PSD Changes: No
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The Government of Western Australia has authorized significant exports of bulk feed barley outside the traditional monopoly export system, or single desk, held by the Grain Pool of Western Australia. Over the last two months, Western Australia's Grain Licensing Authority (GLA) has issued permits for the export of about 373,000 MT of feed barley. Reportedly, recipients of the feed barley export licenses are Elders, AusBulk, and a European grain trader, Glencore International. The feed barley is destined for Saudi Arabia.

The GLA can issue export permits if it determines that the exports will not significantly affect premiums extracted by the Grain Pool in international markets. The Grain Pool argues that the permits are undermining these premiums and some grain industry interests in the state are calling for the export permits to be withdrawn. Other grain industry representatives highlight the sharp increase in feed barley prices over the last several weeks that suggests that the premiums aren't being eroded.

The Grain Pool is the agent-owner of the export monopoly rights for barley, lupins and canola from Western Australia. Grain Pool is in a joint venture export operation for barley with ABB Grain of South Australia, the holder of export marketing rights for bulk barley from South Australia. Grain Pool is a subsidiary of Cooperative Bulk Handling, which controls the handling and storage of most of the grain, oilseeds and pulses grown in Western Australia.

Western Australia is a major producer of barley, with five-year average production of about 1.65 million metric tons. Australia's total barley crop averages about 6 MMT, of which more than one-third consists of feed barley. Annual feed barley exports average about 2 MMT, or slightly more than one-half of all barley exports. Bumper barley harvests are forecast for Western Australia (and South Australia) this season. The barley harvest is ongoing.